

THE WHITE HOUSE

WASHINGTON

September 9, 1977

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Cutting Federal Red Tape for State and Local Grant Recipients

Both my own experience in State and local government and the advice and comments I have received from State and local officials over the past seven months have convinced me of the need to simplify and streamline the administration of the Federal aid system. Many departments have taken significant steps to reform their procedures. More should be done, however, to improve administrative practices, simplify application and reporting requirements, make consultation meaningful and timely, identify and eliminate inconsistent policies and programs, and modernize the way grant payments are made.

Accordingly, I am directing that all Federal agencies take steps to simplify and streamline their administrative procedures consistent with OMB directives. Particular attention should be given to the following areas:

- ° Application and Reporting Requirements
- ° Revision of Regulations
- ° Grant Payments

The specific steps which I am asking agencies to take with regard to grants made to State and local governments are outlined below:

I. Application and Reporting Requirements

- ° Timely Distribution of Reporting Forms. Reporting forms and requirements developed by program agencies for the use of State and local participants in Federal grant programs should be distributed as part of the application process or should be released no less than two months before aid recipients are required to begin collecting data. No agency may request information on grant activities

(EXECUTIVE REGISTRY FILE *White House*)

from recipients for periods during which the reporting format was unavailable except when the Secretary personally determines otherwise within guidelines issued by the Director of the Office of Management and Budget (OMB).

- ° Review and Comment. Agencies should provide an opportunity for users and interested members of the public to comment on all proposed new application and reporting forms to be filled out by State and local grant recipients.
- ° Duplicative Requests for Information. In supporting grant modifications or renewals, State and local governments shall be required to submit only new and updating material, thereby eliminating the need to submit information provided with the original application.
- ° Standard Forms. All Federal agencies shall use the standard application and financial reporting forms developed by OMB pursuant to OMB Circular A-102. The standard forms shall be used to fulfill all agency financial reporting requirements except that additional data specifically required by statute or the Congress and not covered by the standard forms may also be requested. Agencies shall work with OMB from time to time to revise the existing standard forms where experience indicates that a change is necessary.
- ° Federal-State-Local Cooperation in Data Collection. Agencies should establish cooperative data collection programs with State and local governments wherever practical to eliminate duplicative reporting of similar data by more than one level of government, so long as no legal prohibition against this exists.
- ° Signatures. Federal agencies should ensure that no State or local chief executive officer or other certifying official is required to sign a single reporting or application submission to Federal agencies more than one time, except as specifically required by law.

- ° Copies. Applicants and grantees shall be required to submit to Federal agencies no more than one original and two copies of any application, financial or performance report.

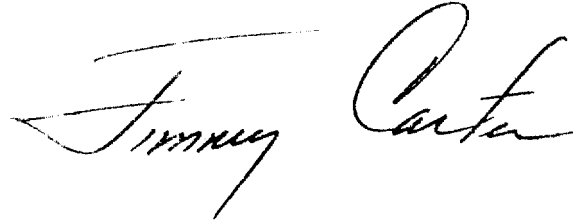
## II. Revision of Regulations

- ° Phase-In of Changed Regulations. Whenever an agency revises a grant-in-aid regulation, grantees then participating in the program will normally not be required to comply with the revised regulation until the beginning of the first grant program year after the effective date of the new regulation. Exceptions would be when (1) immediate compliance is specifically required by law, or (2) the head of the promulgating agency demonstrates that deferral of the regulations would be detrimental to the public health or safety, or the rights of individuals. Grantees may choose to comply with the revised regulations immediately upon promulgation.

## III. Grant Payments

- ° Full Usage of Letters of Credit. Agencies should work with the Department of the Treasury to convert all eligible grants to letters of credit. Grant payments should be made by letter of credit if they are advanced for costs incurred and if they are made over a period of at least a year.
- ° Timely Reimbursements. Agencies should work with OMB and the Department of the Treasury to reduce to a minimum the time it takes to pay grantees under reimbursable programs.
- ° Electronic Funds Transfer. Agencies should work with the Department of the Treasury to identify grant programs for inclusion in an electronic fund transfer system as Treasury develops its EFTS capability for making payments to State and local governments.
- ° Identification of Grant Payments. Agencies should label all checks sent to grant-in-aid recipients, indicating the program to which each grant payment shall be credited. The Department of the Treasury will provide guidance on procedures.

I have asked that the Director of OMB take overall responsibility for implementing these directives except that those matters relating to grant payments shall be the responsibility of the Secretary of the Treasury.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a white background.

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# EXECUTIVE SECRETARIAT

## Routing Slip

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2	DDCI				
3	D/DCI/IC				
4	DDS&T				
5	DDI				
6	DDA	✓			
7	DDO				
8	D/DCI/NI				
9	GC				
10	LC				
11	IG				
12	Compt				
13	D/Pers				
14	D/S				
15	DTR				
16	Asst/DCI				
17	AO/DCI				
18	C/IPS				
19	DCI/SS				
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